

State Senator

June 2003

Burton Leland

Reports to the people of the 5th Senate District

Newsletter

Hello District 5!

It appears that summer is finally approaching our fair state. It is hard to miss the blossoming trees, bright green lawns, and the warmth in the air. I wanted to take this opportunity to give you an update on the state budget process and let you know what I'm working on as we finish up the first half of this year's legislative session and move into the summer.

These first few months have been busy. As you are undoubtedly aware, the financial situation in our state and our nation is challenging right now. The decline in the national economy, coupled with a state budget deficit of nearly \$1.7 billion, has put our state in a precarious fiscal position. When we got here in January, we knew we would be faced with difficult decisions when it came to balancing the budget for fiscal year 2004. However, Governor Granholm has laid out a sound and responsible plan to get us back to fiscal stability and continued economic growth. Now, my colleagues and I in the Legislature must work to enact legislation that will help our state move forward.

We began the budget process in earnest a few weeks ago and will continue debating and voting on legislation well into the summer. My Democratic colleagues and I are working hard to protect civil rights,

business growth, K-12 education, and urban interests in the final budget bills that will be presented to the Governor. We understand what is important to our communities and will continue to fight for what we believe is most beneficial for all the citizens of Michigan.

I plan to be out and about in our District 5

communities this summer, meeting with citizens in Detroit, Inkster, and Dearborn Heights.

I welcome your input on the issues we are tackling in Lansing this year, as well as

anything else you would like to discuss. I'll also provide you with updates on the budget and other issues covered in this newsletter. Watch your mailboxes in the coming months for more information about when I'll be in your neighborhood and please plan to come out and say hello.



Senator Leland answers questions from a constituent attending the March 29th Town Hall Meeting.

Burton Leland



How to Contact Senator Leland



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Special Section: Information of Interest to Seniors

EPIC Program Strengthened Under Governor Granholm's



Budget Proposal
Governor Granholm is calling for an expansion of the Elder Prescription Insurance Coverage (EPIC) program. With the

Pharmacy Plus Waiver currently awaiting approval by the Centers for Medicare and Medicaid Services, Michigan will be able to expand its EPIC program to an additional 27,000 needy seniors and disabled individuals. The waiver will increase spending in the program from \$30 million to \$68 million. Currently, the EPIC program serves fewer than 15,000 individuals. With the waiver, EPIC will be available to more than 42,000. Funding for this program is included in the budget for the Department of Community Health, which is currently being discussed in the Senate and House committees.

MIChoice to Be Expanded

Governor Granholm recently announced that the MIChoice program would be re-opened for enrollment now that Michigan has received approval to do so from the federal government. The MIChoice program, also known as the

Home and Community Based Services Waiver, allows seniors and persons with disabilities to remain in their own homes and receive care. Enrollment in the program had been closed since early 2002 and currently serves approximately 6,500 people statewide. Governor Granholm's 2004 budget proposal calls for continued funding of \$100 million for the MIChoice program. This program is also funded in the budget for the Department of Community Health.

Registration for "Do Not Call" List Begins This Summer

Consumers will soon be able to put their phone numbers on a national do not call registry to prevent unwanted telemarketing calls. This legislation, recently passed in the U.S. Congress, will make it illegal for most telemarketers to call a number listed on the registry. When the registration begins in July, consumers can register for free either online or by telephone. Beginning July 1, 2003, consumers will be able to register online at www.ftc.gov/donotcall. The Federal Trade Commission (FTC) will announce the toll-free number later this month. Since it is anticipated that the call volume for initial registration will be high, sign-up by phone will be phased in over an eight-week period. Online registration will be open to everyone in the U.S. in July. Starting in October, it will be illegal for most telemarketers to call a number listed on the registry.

SENIOR CITIZEN PHONE GUIDE *(Clip and Save)*

HEALTH/PRESCRIPTION DRUG ASSISTANCE

Detroit Area Agency on Aging313-446-4444
Empowering Zone Seniors (AWBS)313-833-3766

REFERRAL AGENCIES

Detroit Area Agency on Aging313-446-4444
MI Office of Services to the Aging517-373-8230
Retired & Senior Volunteer Program..517-373-8230
Foster Grandparent Program517-373-8230
Senior Companion Program517-373-8230
American Parkinson's Disease Assoc. ..800-223-2732
Dental for Seniors800-589-2632
Medicare Appeals.....800-365-5899
Nursing Home/Long Term Care800-292-7852
Social Security.....800-772-1213

TRANSPORTATION

EZ Ride (AWBS).....313-521-1900
Senior Citizen's Area Transit313-521-1900

EMPLOYMENT

Detroit Area Agency on Aging313-446-4444
MI Office of Services to the Aging517-373-8230
The Mature Worker's Program.....313-222-5300

HOUSING

MSHDA517-335-2006
Senior Home Repair Program.....313-224-3461

Parole Board Expansion Needed

State will save money and parolees will get quicker hearings

Senator Leland is proposing legislation to expand the Michigan Department of Corrections' Parole Board. If Senator Leland's bill is enacted, the Parole Board will expand from its current ten members to 15 members, effective in October of this year. Currently, there are thousands of individuals in Michigan prisons who are eligible for parole. The longer they wait for parole board hearings, the more money it costs Michigan taxpayers to house them in state prison facilities.

The Michigan Parole Board is the sole paroling authority for felony offenders committed to a state prison facility. The Parole Board gains jurisdiction of a case when a prisoner has served the minimum sentence, less any good time or disciplinary credits the prisoner may have earned. The ten-member Parole Board is divided into three-member panels. Each case is assigned to a panel and the decision whether or not to grant parole is made by majority vote of that panel. The Michigan Parole Board consists of full-time, non-civil service employees appointed by the Director of the Michigan Department of Corrections (MDOC). Their backgrounds are varied and include law enforcement, law, corrections, and social work.

Senator Leland has introduced this legislation to expand the parole

board because there is a great need in our state at this time. Representatives from the Department of Corrections have estimated that the prison system will be at capacity by the middle to late part of this year. According to the MDOC, there are a number of factors that continue to drive prison population growth in Michigan, including an 11 percent increase in new prisoners with sentences of 24 months or less between 1994 and 2001. Many of these prisoners would be eligible to serve time in county jails. In addition, during the previous administration, community residential programs were reduced from 2,345 in 1997 to 950 in 2001.

These factors, and others, have put a strain on our prison system and have impacted

the ability of the Parole Board to efficiently and expeditiously conduct parole hearings. Expansion of the Parole Board will allow potential parolees to get hearings more quickly and help alleviate the problems of prison overcrowding in Michigan.



Credit Unions Provide Effective Alternative to Payday Lending

Michigan credit unions may soon be able to offer short-term loans and check cashing services to residents who might otherwise have to turn to a payday lending business. As part of a new modernization plan, credit unions are proposing to extend short-term loan services to their members and offer check cashing services to individuals who are not members of the credit union, but live in the area near one of their locations. They will be able to offer a reasonably priced, fair alternative to payday lending businesses, while also educating residents about other valuable financial management services, such

as savings accounts and personal budget planning.

Credit unions around the country have devised alternative solutions to payday lenders for their members who find themselves in hardship situations. Many offer short-term loans at reasonable interest rates that can be paid back over a period of months, not weeks, like payday lenders require. If people continually find themselves in need of emergency loans, some credit unions offer free financial counseling services to help with budgeting, bill payments, and savings plans until the member is completely out of debt.

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Payday Lenders Prey on Hard-Working Metro Residents

Regulation needed to curb unfair practices

Hard-working men and women in Michigan are being taken advantage of by payday lending businesses that charge outrageous fees on loans. Payday lending businesses allow people to borrow money by writing a check for the amount they need, plus the lender's fee. The business then holds the check and does not cash it until the borrower's next pay day. However, the fee the borrower is charged is often higher than the

maximum rate allowed on loans from other financial institutions. In essence, they are preying on people who have nowhere else to turn for loans.

Senator Leland has co-sponsored legislation (Senate Bill 21) that will regulate payday lenders by requiring that service fees not exceed the equivalent of a 25 percent annual interest rate. To give you some perspective, the average fee on a \$100 loan by payday lenders in Michigan is \$15. If this fee is annualized, it would be equivalent to

paying 390 percent interest on a \$100 loan. This is not an effective way to help people pay their bills and take care of their families. It is simply a way to push vulnerable, hard-working people further into debt.

The payday lending industry has grown rapidly in the past ten years. Although payday lenders argue that the annual percentage rate of the loan is irrelevant because the loan is short term and used only occasionally, studies indicate that more than half (52 percent) of the borrowers had more than ten contracts. Because a majority of borrowers become frequent users of payday loans, the annual percentage rate is an appropriate way to measure the cost of borrowing.

We must do something to prevent payday lenders from preying on people who find themselves in a difficult financial situation. Legislative action is needed to keep payday lenders compliant with the law and to protect Michigan citizens from unfair and unethical lending practices.

Credit Unions Provide Effective Alternative to Payday Lending

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Senator Leland has been working with members of the Michigan Credit Union League and the Office of Financial and Insurance Services to craft legislation to update and improve the Michigan Credit Union Act (MCUA), which has not been significantly updated since 1986. In addition to other updates, changes in the MCUA would give credit unions more flexibility, allow them to expand their range of services,

and bring them in line with current technology and business practice.

Using one of Michigan's 444 credit unions is a smarter and safer alternative to payday lending. Credit unions have locations all over the state, including many in the metro Detroit area. For more information about finding a credit union near you, call 1-800-262-6285 or visit the Michigan Credit Union League's website at www.mcul.org.